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FM AMEMBASSY RANGOON
TO RUEHC/SECSTATE WASHDC IMMEDIATE 7523
INFO RUCNASE/ASEAN MEMBER COLLECTIVE
RUEHBY/AMEMBASSY CANBERRA 1149
RUEHBJ/AMEMBASSY BEIJING 1857
RUEHKA/AMEMBASSY DHAKA 4865
RUEHNE/AMEMBASSY NEW DELHI 4696
RUEHUL/AMEMBASSY SEOUL 8237
RUEHKO/AMEMBASSY TOKYO 5799
RUEHCN/AMCONSUL CHENGDU 1459
RUEHCHI/AMCONSUL CHIANG MAI 1567
RUEHCI/AMCONSUL KOLKATA 0317
RUEAIIA/CIA WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
RUEKJCS/DIA WASHDC
RUEHGV/USMISSION GENEVA 3666
RHEHNSC/NSC WASHDC
RUEKJCS/SECDEF WASHDC
RUEKJCS/JOINT STAFF WASHDC
RUCNDT/USMISSION USUN NEW YORK 1556
RUEHBS/USEU BRUSSELS

C O N F I D E N T I A L SECTION 01 OF 03 RANGOON 000338

SIPDIS

STATE FOR EAP/MLS, SES-O, INR/EAP
DEPT PASS TO USAID/OFDA
PACOM FOR FPA
TREASURY FOR OASIA

E.O. 12958: DECL: 05/08/2018

TAGS: ECON EAID EFIN PGOV PREL BM

SUBJECT: BURMA: BUSINESSES PARTICIPATING IN RELIEF EFFORTS

REF: A. RANGOON 337
 1B. RANGOON 335
 1C. RANGOON 334

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Classified By: Economic Officer Samantha A. Carl-Yoder for Reasons 1.4
(b and d)

11. (C) Summary. In response to the GOB's limited response to Cyclone Nargis, private Burmese businesses have stepped up to the plate, providing both relief and recovery assistance to thousands of Burmese. Staff from several of Burma's largest companies volunteered to lead Rangoon's clean up efforts, and many private doctors are providing free health treatment to Burmese living in Rangoon and the Irrawaddy Delta. Myanmar Egress Group, a consortium of connected and successful Burmese businessmen, secured approval from the military to bring in diesel fuel from Malaysia to sell on the local market. While most private efforts focus on providing food and water to those affected by the storm, several companies have joined together to provide no-interest loans to the poorest families in Rangoon, enabling them to recover their livelihoods. Businesses realize that it will take a coordinated effort from the private sector, government, and NGOs to rebuild the country. End Summary.

Private Sector Leading the Charge

12. (C) The GOB's response to Cyclone Nargis has been slow, Burmese businessman Zaw Naing complained to us. The Ministries do not coordinate. Instead of tackling many problems at one time - such as lack of food and water, lack of shelter, and possibility of disease outbreaks - the regime focuses on one issue at a time. The relief effort is not even a top priority, rather the GOB wants to ensure that the

recovery efforts do not interfere with its referendum, he declared. Tired of waiting for the government to make a concerted effort, the Burmese business community in Rangoon has begun to help those most affected by the storm. Companies including oil company MPRL, Credent Technology, Micro Computer, Ocean Crown Freight Services, and Universal Trading, have distributed hundreds of bags of rice (69 lbs each) and thousands of bottles of water to the poorest neighborhoods of Rangoon, Zaw Naing said.

¶3. (C) While some of the recovery assistance has been obvious - such as Tay Za donating two cranes to clear trees from his wealthy neighborhood streets and "volunteering" Air Bagan staff to do clean up - most of the assistance has been provided quietly, Min Oo, Finance Director of Micro Computer Company, told us. Many businesses donated to religious organizations and monasteries, particularly those in poor areas where homeless Burmese have sought shelter. Rice millers have provided free rice to many Burmese families, or have made rice available at below-market rates.

Additionally, several engineering companies have volunteered their services to the government, willing to assist with mechanical repairs around the city. PSI Country Director John Hetherington told us that many of PSI's clinic doctors are providing free health services in Rangoon to those in need, while nine PSI staff doctors have traveled to the Irrawaddy Delta to reestablish clinics and provide free medical care.

¶4. (C) Several companies have taken assistance to the next level, Zaw Naing told us. Myanmar Egress Group, a consortium of well-connected businessmen, met with BSO 5 Commander Major General Myint Swe to discuss how to best assist the Burmese.

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According to Zaw Naing, Myint Swe on May 6 verbally gave Myanmar Egress Group permission to import diesel, which it will sell to the Burmese people at market prices, currently 8,000 kyat (\$7.27) a gallon (Ref B). Even without an import permit, the company secured a diesel shipment from Malaysia, paying \$220 a barrel for fuel. The ship should arrive at the mouth of the Rangoon River on May 8; diesel will be transferred to a barge and brought to the MITT port by May 10 (Ref C), he explained. With Myint Swe's consent, Myanmar Egress Group will bring in two diesel ships a week. He stressed that the fuel was for the people, and that the military government, which has its own fuel reserves, would not seize it at the port.

¶5. (C) Zaw Naing also told us that Myint Swe agreed to allow the consortium to import corrugated tin sheeting and nails. The company plans to sell roofing materials at below-market prices, working with community leaders in Hlathintha and Shwepyitha to provide materials to those most in need. Zaw Naing emphasized that the group was not out to make a profit, and pledged to prevent community leaders from engaging in price gouging. He was not sure when the materials would arrive in Burma, but estimated that they would be available by mid-May.

Focusing on Recovery

¶6. (C) In addition to relief efforts, Myanmar Egress Group, with the support of Myint Swe, has begun working on recovery efforts in Rangoon. Several private businessmen, including Zaw Naing, have established micro-credit programs, loaning money to poorer families at two percent interest so that they can start rebuilding their lives. Zaw Naing told us he provided 19 families with \$150 dollars each out of his own pocket since May 3, and others in the Myanmar Egress Group have provided similar sums to others. Recognizing that the government lacks the funds and ability to assist the Burmese, the consortium plans to establish a formal micro-credit program to provide loans of up to \$200 to 1500 families in Hlathintha and Ywathagyi (poorer areas of Rangoon).

Consortium members will petition other successful Burmese businessmen, international companies, and foreign embassies to contribute to this microcredit program, Zaw Naing stated.

¶7. (C) The Prime Minister's office, working with the Ministry of Home Affairs, will lead the government's recovery efforts, Zaw Naing and Min Oo asserted. However, the government has not yet considered how to move forward with recovery, rebuilding, and development programs. Several private businessmen met with Home Affairs Minister Major General Maung Oo on May 7 to push for a coordinated response.

Although the government claims it can handle disaster response, it lacks the resources, focus, and knowledge to do so, Min Oo informed us. The government will continue to tap the private sector for relief funds (Ref A), and the private sector will play a role in Burma's recovery. Burmese businessmen will also work with NGOs and international organizations to best meet the needs of the people, Zaw Naing concluded.

Comment

¶8. (C) Successful Burmese businessmen are tired of the government's lackluster response to the cyclone, taking it upon themselves to help those in need. They cannot do it on their own, however, and must work with NGOs and international

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organizations to ensure that the materials go to those most in need, rather than into the hands of the government. The regime appears willing to let the private sector take the lead in recovery efforts, as long as they foot the bill rather than tapping the regime's coffers. By encouraging the business community to take the lead, the regime is promoting the development of civil society. Thus, the regime is making itself less relevant by its ineffectiveness, which will ultimately cause it to lose power.

VILLAROSA